Medicaid Work Requirements & People with Disabilities

Work Requirements Will Harm People with Disabilities

Work requirements are extremely burdensome for beneficiaries to navigate and for states to administer. Data demonstrates that in 2023, nearly two-thirds of adults ages 19-64 covered by Medicaid were working, and nearly three in ten were not working because of caregiving responsibilities, illness or disabilities, or due to school attendance.[1] Adding more red tape requirements for Medicaid beneficiaries will, at best, not meet the stated intent of increasing the number of Medicaid beneficiaries in the workforce, and at worst, will likely lead to administrative barriers that force otherwise eligible adults to lose coverage.

Work requirements imperil services for people with disabilities.

This comes into sharp focus for people with disabilities. Requiring people with disabilities who are working to document and verify that they are working or engaging in similar activities for 80 hours each month will lead to those who do not successfully navigate these bureaucratic processes losing Medicaid coverage, including access to the very employment supports necessary to continue working.

Individuals with disabilities risk losing Medicaid eligibility due to work requirements if they are unable to document that they work or engage in work-like activities, fail to complete renewal paperwork on time, or report a change in circumstances. People with I/DD may face substantial obstacles that make participating in the workforce or completing the required paperwork in a timely manner difficult. These challenges may include an inability to adequately respond to forms and document requests without support and accommodation, as well as limited access to the internet, mobile devices, and transportation.

Work requirements will exacerbate the direct care workforce crisis.

Work requirements are likely to have unintended negative consequences for low-income workers, including direct support professionals (DSPs) who are the backbone of long-term services and supports for people with I/DD. Forty-seven percent of home care workers, an employment cohort that includes DSPs, rely on

[1] Jennifer Tolbert, Sammy Cervantes, Robin Rudowitz, and Alice Burns; Understanding the Intersection of Medicaid and Work: An Update; February 2025.

public health care coverage, often through Medicaid.[2] Additionally, forty-six percent of home care workers work part time or with inconsistent schedules—two job features that are generally incompatible with work requirements.[3] If DSPs are unable to meet burdensome reporting requirements, they will lose the health care that enables them to engage in the workforce and further endanger the sustainability of community-based supports for people with I/DD.

Work requirements will only exacerbate a workforce crisis that threatens access to community-based services for people with I/DD. ANCOR's *State of America's Direct Support Workforce Crisis 2024* reveals that 90% of community providers are already experiencing moderate or severe staffing challenges because of inadequate Medicaid funding, resulting in 69% of providers turning away new referrals. [4] The exodus of DSPs from the field has had a profound impact on the ability of people with I/DD to find and access services. For instance, 39% of providers reported discontinuing programs and services due to their inability to meet required levels of staffing.

States will face significant challenges in implementing work requirements.

Even when work requirements include some type of exemption for certain Medicaid beneficiaries with disabilities, states routinely face significant challenges in efficiently and effectively identifying this population. For instance, exemption processes that assume people with disabilities all qualify for Medicaid based on their receipt of Supplemental Security Income (SSI) will fall short of capturing the full population of Medicaid enrollees with disabilities, since sixty percent of non-elderly adult Medicaid beneficiaries with disabilities do not receive SSI.[5]

The implementation date for proposed work requirements in the House-passed reconciliation bill is "…not later than December 31, 2026, or, at the option of the State, such earlier date as the State may specify." This timeline will pose significant operational challenges for states and will necessitate an expedited design, development, and implementation of new systems for reporting work and verifying compliance as well as enrollee education and awareness activities. Failure to properly test and refine these initiatives prior to implementation will lead to confusion and increased administrative burdens for Medicaid beneficiaries, particularly those individuals with disabilities.

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[2] PHI; Direct Care Workers in the United States: Key Facts; September 2024.[3] King, Jessica; Medicaid Work Requirements Will Harm Direct Care Workers; August 2023.
[3] King, Jessica; Medicaid Work Requirements Will Harm Direct Care Workers; August 2023.
[4] *State of America's Direct Support Workforce Crisis 2024*, The American Network of Community Options and Resources (ANCOR).
[5] Jennifer Tolbert, Sammy Cervantes, Robin Rudowitz, and Alice Burns; Understanding the Intersection of Medicaid and Work: An Update; February 2025.

New work requirements will waste state and federal funding.

Medicaid work requirements waste millions of dollars on expensive tracking systems and overhead costs. For example, Georgia has implemented an alternative to Medicaid expansion, which includes work requirements. In its first year, the program cost Georgia taxpayers $26 million, with 90% of the expense paid to consulting firms and administrative overhead. This is in stark contrast to the typical administrative costs, which range approximately 12% to 16% of overall program spending for Medicaid programs.[6] Investments in the Medicaid system should go toward coverage of health care for beneficiaries, not toward expensive administrative overhead.

Moreover, people with disabilities who lose Medicaid are unlikely to be eligible for other insurance coverage. Declining health or losing access to the support that Medicaid finances to help people with disabilities live in their homes and communities increases the risk of utilizing hospital emergency rooms, state-run institutional or nursing home care, which compromises their independence and shifts the higher costs of supporting people in large institutions, rather than community-based, care to taxpayers.

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[6] Miller, Andy and Rayasam, Renuka; Georgia's Medicaid Work Requirements Costing Taxpayers Millions Despite Low Enrollment; March 2024.